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Concession Audit of
&G Company LLC
(Pier 47)

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PORT COMMISSION:

Concession Audit of
D&G Company LLC
(Lou's Pier 47)

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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

December 20, 2001

Audit Number 01008

San Francisco Port Commission
Pier One
San Francisco, CA 94111

President and Members:

The Controller's Audits Division presents its report concerning the concession audit of D&G Company LLC doing business as Lou's Pier 47 (Lou's Pier 47). Lou's Pier 47 assumed a lease previously held by Chez Laura Enterprises, Inc. to operate a restaurant on property owned by the San Francisco Port Commission (Port).

Reporting Period: January 1, 1998, through December 31, 2000

Rent Paid: \$487,454

Results: Lou's Pier 47, in all material respects, correctly reported gross revenues of \$7,195,866 and correctly paid its rent to the Port.

Respectfully submitted,

NORIAKI HIRASUNA
Director

INTRODUCTION

BACKGROUND

Effective January 1, 1998, D&G Company LLC doing business as Lou's Pier 47 (Lou's Pier 47), assumed a lease previously held by Chez Laura Enterprises, Inc. to operate a restaurant on property owned by the San Francisco Port Commission (Port). The lease requires Lou's Pier 47 to pay the Port the greater of a monthly minimum rent or 6.75 percent of food and alcoholic beverage sales and 8.75 percent of all other sales. For the audit period, Lou's Pier 47's monthly minimum rent was \$5,085.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine if Lou's Pier 47 complied with the reporting and rental payment provisions of its lease with the Port. To conduct the audit, we reviewed the applicable terms of the lease and the adequacy of Lou's Pier 47's procedures for recording, summarizing, and reporting its gross revenues to the Port. To determine whether Lou's Pier 47 correctly reported its gross sales to the Port, we compared sales on Lou's Pier 47's monthly sales summary records to the sales reported to the Port. On a test basis, we compared cash register tapes, and daily sales reports to the monthly sales summary records. We also compared the gross sales that Lou's Pier 47 reported to the Port with the sales Lou's Pier 47 reported to the California Board of Equalization.



AUDIT RESULTS

LOU'S PIER 47 CORRECTLY REPORTED ITS GROSS REVENUES AND CORRECTLY PAID ITS RENT

From January 1, 1998, through December 31, 2000, Lou's Pier 47, in all material respects, correctly reported gross revenues of \$7,195,866 and correctly paid rent of \$487,454 to the Port. The table below shows Lou's Pier 47's reported gross revenues and rent paid for the audit period.

TABLE

**Lou's Pier 47
Gross Revenues and Rent Paid
January 1, 1998, Through December 31, 2000**

	Reported Gross Revenues	Rent Paid
January 1, 1998, through December 31, 1998	\$2,209,596	\$149,612
January 1, 1999, through December 31, 1999	2,415,631	163,703
January 1, 2000, through December 31, 2000	2,570,639	174,139
Total	\$7,195,866	\$487,454

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Bing Julian-Mantegna, Audit Manager
Edvida Moore

cc: Mayor
Board of Supervisors
Civil Grand Jury
San Francisco Public Library

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